



January 24, 2014

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## SENATE BILL No. 321

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DIGEST OF SB 321 (Updated January 22, 2014 4:05 pm - DI 84)

**Citations Affected:** IC 20-24; IC 20-43.

**Synopsis:** Charter school funding. Provides for charter school tuition support funding to be at the organizer level instead of the individual charter school level. Requires identification numbers and accounts to be used at the organizer and charter school levels. Prohibits a charter school organizer from using tuition support for expenses incurred outside Indiana. Applies various duties, rights, and prohibited acts to charter school organizers. Specifies, for a new charter school located outside Marion County, that a weighted average foundation amount based on the legal settlement of each student attending the charter school is to be used instead of the foundation amount where the charter school is located. (A weighted average foundation amount already applies in Marion County.) Provides that a student, and the student's siblings, who attend a charter school may attend a different charter school held by the same organizer in subsequent years.

**Effective:** July 1, 2014.

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### Schneider, Banks, Yoder

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January 14, 2014, read first time and referred to Committee on Education and Career Development.

January 23, 2014, reported favorably — Do Pass; reassigned to Committee on Appropriations.

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SB 321—LS 6548/DI 58





January 24, 2014

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## SENATE BILL No. 321

A BILL FOR AN ACT to amend the Indiana Code concerning education.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 20-24-1-7, AS ADDED BY P.L.1-2005, SECTION  
2       8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
3       2014]: Sec. 7. "Organizer" means a group or an entity that:

4               (1) has been determined by the Internal Revenue Service to be  
5               operating under nonprofit status or has applied for such  
6               determination; and

7               (2) enters into a contract under this article to operate ~~a one (1) or~~  
8               **more charter school: schools.**

9       SECTION 2. IC 20-24-3-17, AS ADDED BY P.L.280-2013,  
10       SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
11       JULY 1, 2014]: Sec. 17. (a) The department shall assign a school  
12       corporation identification number for each ~~charter school established~~  
13       ~~under this chapter: organizer granted a charter.~~

14               **(b) If an organizer assigned a school corporation identification**  
15       **number under subsection (a) consists of more than one (1) charter**  
16       **school, the department shall assign each charter school a separate**

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1 **school identification number.**

2 ~~(b)~~ (c) If a charter school assigned a school corporation  
3 identification number under subsection ~~(a)~~ (b) consists of more than  
4 one (1) campus, the department shall assign each campus ~~in addition~~  
5 ~~to the school corporation identification number under subsection (a);~~  
6 a separate school identification number.

7 SECTION 3. IC 20-24-4-2, AS ADDED BY P.L.280-2013,  
8 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
9 JULY 1, 2014]: Sec. 2. An organizer may hold one (1) or more charter  
10 contracts. **Except as provided in IC 20-43-1-33**, each charter school  
11 that is part of a charter contract must be separate and distinct from any  
12 other charter school.

13 SECTION 4. IC 20-24-5-5, AS AMENDED BY P.L.91-2011,  
14 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 2014]: Sec. 5. (a) Except as provided in subsections (b), (c),  
16 and (d), a charter school must enroll any eligible student who submits  
17 a timely application for enrollment.

18 (b) This subsection applies if the number of applications for a  
19 program, class, grade level, or building exceeds the capacity of the  
20 program, class, grade level, or building. If a charter school receives a  
21 greater number of applications than there are spaces for students, each  
22 timely applicant must be given an equal chance of admission. The  
23 organizer must determine which of the applicants will be admitted to  
24 the charter school or the program, class, grade level, or building by  
25 random drawing in a public meeting.

26 (c) A charter school may limit new admissions to the charter school  
27 to:

28 (1) ensure that a student who attends the charter school during a  
29 school year may continue to attend the charter school in  
30 subsequent years; ~~and~~

31 **(2) ensure that a student who attends a charter school during**  
32 **a school year may continue to attend a different charter**  
33 **school held by the same organizer in subsequent years; and**

34 ~~(2)~~ (3) allow the siblings of a student who attends a charter school  
35 **or a charter school held by the same organizer** to attend the  
36 charter school.

37 (d) This subsection applies to an existing school that converts to a  
38 charter school under IC 20-24-11. During the school year in which the  
39 existing school converts to a charter school, the charter school may  
40 limit admission to:

41 (1) those students who were enrolled in the charter school on the  
42 date of the conversion; and



(2) siblings of students described in subdivision (1).

SECTION 5. IC 20-24-6-1, AS AMENDED BY P.L.280-2013, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 1. (a) Individuals who work at a charter school are employees of:

(1) the charter school;

(2) **an organizer**; or ~~of~~

(3) an entity with which the charter school has contracted to provide services.

(b) Teachers in a conversion charter school may be employees of the charter school or of both the charter school and the school corporation that authorized the charter school, as determined by the provisions of the charter.

(c) All benefits accrued by teachers as employees of the conversion charter school are the financial responsibility of the conversion charter school.

(d) All benefits accrued by a teacher during the time the teacher was an employee only of the school corporation that authorized the charter school are the financial responsibility of the school corporation. The school corporation shall pay those benefits directly or reimburse the conversion charter school for the cost of the benefits.

SECTION 6. IC 20-24-6-3, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 3. Employees of a charter school **or an organizer** may organize and bargain collectively under IC 20-29.

SECTION 7. IC 20-24-6-6, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 6. A charter school **or an organizer** may employ a substitute teacher or an individual who holds a limited license to teach in the same manner in which a noncharter public school may employ a substitute teacher or an individual who holds a limited license to teach.

SECTION 8. IC 20-24-6-7, AS AMENDED BY P.L.35-2012, SECTION 101, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 7. (a) A charter school **or an organizer** may participate in any of the following:

(1) The Indiana state teachers' retirement fund in accordance with IC 5-10.4.

(2) The public employees' retirement fund in accordance with IC 5-10.3.

(3) Another employee pension or retirement fund.

(b) Except as provided in subsection (e), a person who teaches in a



1 charter school is a member of the Indiana state teachers' retirement  
 2 fund. Service in a charter school is creditable service for purposes of  
 3 IC 5-10.4.

4 (c) Except as provided in subsection (e), a person who:

5 (1) is a local school employee of a charter school; and

6 (2) is not eligible to participate in the Indiana state teachers'  
 7 retirement fund;

8 is a member of the public employees' retirement fund.

9 (d) The board of trustees of the Indiana public retirement system  
 10 shall implement this section through the organizer of the charter  
 11 school, subject to and conditioned upon receiving any approvals the  
 12 board considers appropriate from the Internal Revenue Service and the  
 13 United States Department of Labor.

14 (e) Charter school employees may participate in a private pension  
 15 or retirement program, if the organizer of the charter school offers the  
 16 opportunity to participate in the program.

17 SECTION 9. IC 20-24-7-1, AS ADDED BY P.L.1-2005, SECTION  
 18 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 19 2014]: Sec. 1. (a) The organizer is the fiscal agent for the charter  
 20 school.

21 (b) The organizer has exclusive control of:

22 (1) funds received by the charter school; and

23 (2) financial matters of the charter school.

24 (c) **The organizer shall maintain accounts of all funds received**  
 25 **and disbursed by the organizer.** The organizer shall maintain  
 26 separate accountings of all funds received and disbursed by ~~the each~~  
 27 charter school **it holds.**

28 SECTION 10. IC 20-24-8-1, AS ADDED BY P.L.1-2005,  
 29 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 30 JULY 1, 2014]: Sec. 1. A charter school **or an organizer** may do the  
 31 following:

32 (1) Sue and be sued in its own name.

33 (2) For educational purposes, acquire real and personal property  
 34 or an interest in real and personal property by purchase, gift,  
 35 grant, devise, or bequest.

36 (3) Convey property.

37 (4) Enter into contracts in its own name, including contracts for  
 38 services.

39 SECTION 11. IC 20-24-8-2, AS ADDED BY P.L.169-2005,  
 40 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 41 JULY 1, 2014]: Sec. 2. (a) A charter school **or an organizer** may not  
 42 do the following:



(1) Operate at a site or for grades other than as specified in the charter.

(2) Charge tuition to any student residing within the school corporation's geographic boundaries. However, a charter school may charge tuition for:

(A) a preschool program, unless charging tuition for the preschool program is barred under federal law; or

(B) a latch key program;

if the charter school provides those programs.

(3) Except for a foreign exchange student who is not a United States citizen, enroll a student who is not a resident of Indiana.

(4) Be located in a private residence.

(5) Provide solely home based instruction.

(b) A charter school is not prohibited from delivering instructional services:

(1) through the Internet or another online arrangement; or

(2) in any manner by computer;

if the instructional services are provided to students enrolled in the charter school in a manner that complies with any procedures adopted by the department concerning online and computer instruction in public schools.

SECTION 12. IC 20-24-8-7, AS ADDED BY P.L.169-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 7. A charter school **or an organizer** may use any money distributed by law to the charter school to prepare financial reports and conduct audits that the charter school, **or its organizer**, determines are necessary for the conduct of the affairs of the charter school. A financial report or an audit under this section does not replace a financial report or an audit required under IC 5-11-1-9.

SECTION 13. IC 20-43-1-23, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 23. "School corporation" means the following:

(1) Any local public school corporation established under Indiana law.

(2) Except as otherwise indicated in this article, a charter school **organizer**.

SECTION 14. IC 20-43-1-33 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 33. (a) For a charter school organizer that operates more than one (1) charter school, all the charter schools combined shall be treated as a school corporation**



for purposes of this article.

(b) A charter school organizer may allocate money it receives from the state under this article among the charter schools it operates. However, a charter school organizer that receives money from the state under this article may not use any of the money received for expenses incurred outside Indiana or attributable to out-of-state activities.

SECTION 15. IC 20-43-5-6, AS AMENDED BY P.L.205-2013, SECTION 285, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 6. (a) A school corporation's transition to foundation amount for a state fiscal year is equal to the result determined under STEP TWO of the following formula:

STEP ONE: Determine the difference of:

- (A) the school corporation's foundation amount; minus
- (B) the school corporation's previous year revenue foundation amount.

STEP TWO: A school corporation's STEP TWO amount is the following:

- (A) For a charter school located outside Marion County that has previous year revenue that is not greater than zero (0); the charter school's STEP TWO amount is the quotient of:
  - (i) the school corporation's transition to foundation revenue for the state fiscal year where the charter school is located; divided by
  - (ii) the school corporation's current ADM.

(B) (A) For a charter school located in Marion County that has previous year revenue that is not greater than zero (0) or less, the charter school's STEP TWO amount is the weighted average of the transition to foundation revenue for the school corporations where the students counted in the current ADM of the charter school have legal settlement, as determined under item (iv) of the following formula:

- (i) Determine the transition to foundation revenue for each school corporation where a student counted in the current ADM of the charter school has legal settlement.
- (ii) For each school corporation identified in item (i), divide the item (i) amount by the school corporation's current ADM.
- (iii) For each school corporation identified in item (i), multiply the item (ii) amount by the number of students counted in the current ADM of the charter school that have legal settlement in the particular school corporation.





- 1 (iv) Determine the sum of the item (iii) amounts for the
- 2 charter school.
- 3 ~~(C)~~ **(B)** The STEP TWO amount for a school corporation that
- 4 is not a charter school described in clause (A) ~~or (B)~~ is the
- 5 following:
- 6 (i) The school corporation's foundation amount for the state
- 7 fiscal year if the STEP ONE amount is zero (0) or greater.
- 8 (ii) The amount determined under subsection (b), if the
- 9 school corporation's STEP ONE amount is less than zero (0).
- 10 (b) For the purposes of STEP TWO ~~(C)(ii)~~ **(B)(i)** in subsection (a),
- 11 determine the result of:
- 12 (1) the result determined for the school corporation under STEP
- 13 ONE (B) of subsection (a); minus
- 14 (2) the result of:
- 15 (A) the absolute value of the STEP ONE amount; divided by
- 16 (B) the following:
- 17 (i) Five (5) in the state fiscal year beginning July 1, 2013.
- 18 (ii) Four (4) in the state fiscal year beginning July 1, 2014.
- 19 SECTION 16. IC 20-43-7-9, AS AMENDED BY P.L.229-2011,
- 20 SECTION 214, IS AMENDED TO READ AS FOLLOWS
- 21 [EFFECTIVE JULY 1, 2014]: Sec. 9. (a) This section does not apply
- 22 to a charter school **or a charter school organizer**.
- 23 (b) Each calendar year, a school corporation shall expend part of the
- 24 school corporation's state special education grant on the provision of
- 25 special education and related services to parentally placed nonpublic
- 26 school students with disabilities. The school corporation shall, at a
- 27 minimum, expend an amount from the state special education grant
- 28 equal to the amount attributable to the number of parentally placed
- 29 nonpublic school students with disabilities included in the school
- 30 corporation's count conducted under section 1 of this chapter.
- 31 (c) In determining compliance with this section, a school
- 32 corporation may include state special education grant expenditures on
- 33 the following:
- 34 (1) Activities and services for which the school corporation may
- 35 expend federal grants under Part B of the federal Individuals with
- 36 Disabilities Education Act (20 U.S.C. 1400 et seq.).
- 37 (2) Child find activities, including the cost of initial educational
- 38 evaluations and reevaluations.
- 39 (d) A school corporation shall maintain sufficient and accurate
- 40 records to demonstrate compliance with this section.
- 41 (e) The state board shall adopt rules to implement this section,
- 42 including, but not limited to, annual reporting requirements,



1 monitoring, and consequences for noncompliance. The consequences  
 2 may include requiring expenditure of additional state funds in a  
 3 subsequent year if the school fails to expend the requisite amount in a  
 4 prior year that occurs after June 30, 2011.

5 (f) Notwithstanding the effective date in HEA 1341-2011,  
 6 SECTION 3, this section takes effect July 1, 2011 (rather than January  
 7 1, 2011).

8 SECTION 17. IC 20-43-13-3, AS ADDED BY P.L.205-2013,  
 9 SECTION 301, IS AMENDED TO READ AS FOLLOWS  
 10 [EFFECTIVE JULY 1, 2014]: Sec. 3. The total amount to be  
 11 distributed under this chapter to a school corporation or charter school  
 12 **organizer** for the state fiscal year beginning July 1, 2014, is the amount  
 13 determined in STEP FOUR or STEP SIX (whichever is applicable) of  
 14 the following formula:

15 STEP ONE: Determine the greater of zero (0) or the result  
 16 determined under clause (B) after making the following  
 17 determinations:

18 (A) Determine the percentage of the school corporation's  
 19 students who were receiving financial assistance under  
 20 IC 20-33-5 in the school year ending in the later of:

21 (i) 2014; or

22 (ii) the first year of operation of the school corporation.

23 For a conversion charter school, the percentage determined  
 24 under this clause is the percentage of the sponsor school  
 25 corporation.

26 (B) Determine the quotient of:

27 (i) the percentage determined under clause (A); divided by

28 (ii) two (2).

29 STEP TWO: This STEP applies if the result determined under  
 30 clause (B) of STEP ONE is greater than thirty-five hundredths  
 31 (0.35). Determine the result of the following:

32 (A) Subtract thirty-five hundredths (0.35) from the result  
 33 determined under clause (B) of STEP ONE.

34 (B) Determine the sum of:

35 (i) the result determined under clause (B) of STEP ONE;  
 36 plus

37 (ii) the clause (A) result.

38 STEP THREE: This STEP applies if STEP TWO applies.  
 39 Determine the product of:

40 (A) the STEP TWO result; multiplied by

41 (B) the school corporation's foundation amount for the state  
 42 fiscal year.



STEP FOUR: This STEP applies if STEP TWO applies.

Determine the product of:

(A) the STEP THREE result; multiplied by

(B) the school corporation's current ADM.

STEP FIVE: This STEP applies if the result determined under clause (B) of STEP ONE is less than or equal to thirty-five hundredths (0.35). Determine the product of:

(A) the result determined under clause (B) of STEP ONE; multiplied by

(B) the school corporation's foundation amount for the state fiscal year.

STEP SIX: This STEP applies if STEP FIVE applies. Determine the product of:

(A) the STEP FIVE result; multiplied by

(B) the school corporation's current ADM.

SECTION 18. IC 20-43-14-3, AS ADDED BY P.L.205-2013, SECTION 302, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 3. The total amount to be distributed under this chapter to a school corporation or charter school **organizer** for the state fiscal year beginning July 1, 2014, equals the result of:

(1) two thousand four hundred seventy-two dollars (\$2,472); multiplied by

(2) the number of eligible pupils who are:

(A) counted in the current ADM of the school; and

(B) enrolled in and attending full-day kindergarten on the count date on which the current ADM is determined.

SECTION 19. IC 20-43-14-4, AS ADDED BY P.L.205-2013, SECTION 302, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 4. A school corporation or charter school **organizer** that receives a distribution under this chapter may not charge a fee for enrolling in or attending full-day kindergarten in a school year:

(1) beginning July 1, 2013, and ending June 30, 2014; or

(2) beginning July 1, 2014, and ending June 30, 2015.



COMMITTEE REPORT

Madam President: The Senate Committee on Education and Career Development, to which was referred Senate Bill No. 321, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS and be reassigned to the Senate Committee on Appropriations.

(Reference is to SB 321 as introduced.)

Committee Vote: Yeas 7, Nays 2

Senator Kruse, Chairperson

